

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 162 - HB 466

March 29, 2021

SUMMARY OF ORIGINAL BILL: Requires the Department of Children's Services (DCS) to create a three-year pilot program (Pilot), beginning January 1, 2022, and ending December 31, 2024, to provide child care payments equal to 50 percent of the full foster care rate to eligible relative caregivers who have custody of a child at-risk for entering state custody.

Requires relative caregiver to meet age and income requirements and agree to participate in any programs offered by DCS to reduce the risk of the child entering state custody.

Requires payment to be subject to the initial and continuing eligibility of the relative caregiver and the child pursuant to this section and rules promulgated by DCS. Authorizes DCS to establish additional requirements for payment.

Requires DCS to publish an annual report on the payments provided pursuant to this legislation no later than February 1 following the conclusion of each calendar year of the Pilot.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue – \$29,100/FY21-22/Tennessee Bureau of Investigation
\$1,500/FY22-23/Tennessee Bureau of Investigation
\$1,500/FY23-24/Tennessee Bureau of Investigation
\$1,600/FY24-25/Tennessee Bureau of Investigation

Increase State Expenditures –
\$13,584,300/FY21-22/General Fund
\$28,112,600/FY22-23/General Fund
\$29,156,800/FY23-24/General Fund
\$15,070,500/FY24-25/General Fund

\$29,100/FY21-22/Tennessee Bureau of Investigation
\$1,500/FY22-23/Tennessee Bureau of Investigation
\$1,500/FY23-24/Tennessee Bureau of Investigation
\$1,600/FY24-25/Tennessee Bureau of Investigation

Increase Federal Expenditures – \$3,380,500/FY21-22
\$6,761,000/FY22-23
\$6,761,000/FY23-24
\$3,380,500/FY24-25

Other Fiscal Impact – To the extent the pilot program is successful at keeping at-risk children out of state custody, it will generate some savings for the Department of Children’s Services that will offset some of the program’s costs. Any such savings are dependent upon the effectiveness of the proposed changes toward that end and cannot be quantified at this time.

SUMMARY OF AMENDMENT (006131): Deletes and replaces all language after the enacting clause such that the only substantive change is removing the specification of certain requirements DCS is permitted to institute on relative caregivers.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- The proposed legislation requires the Pilot to take effect January 1, 2022 and to end December 31, 2024. This effective date provision will make the legislation effective for approximately 50 percent of FY21-22 and FY24-25.
- In FY19-20, DCS served 3,494 children and 2,195 families (cases), through the Relative Caregiver Program (RCP).
- It is assumed that providing the proposed financial support to relative caregivers will result in sustained growth in participation in the RCP throughout the duration of the Pilot. For purposes of this analysis, a sustained annual growth in participation of five percent is assumed.
- Therefore, participation in the RCP is reasonably expected to increase each year as follows:

Fiscal Year	Increase in Children	Total Number of Children	Increase in Cases	Total Number of Cases
FY21-22	None	3,494	None	2,195
FY22-23	175	3,669	110	2,305
FY23-24	183	3,852	115	2,420
FY24-25	193	4,045	121	2,541

- The current average foster care board rate is \$29.55 per day.
- Passage of the proposed legislation will require DCS to provide eligible caregivers 50 percent of the full foster care rate or \$14.78 (\$29.55 x 50.0%) per day, per child.

- The increase in expenditures for each year of the Pilot associated with providing foster care payments for children not in state custody is estimated to be:
 - FY21-22: \$18,849,082 (3,494 kids x \$14.78 x 365 days);
 - FY22-23: \$19,793,154 (3,669 kids x \$14.78 x 365 days);
 - FY23-24: \$20,837,317 (3,852 kids x \$14.78 x 366 days); and
 - FY24-25: \$21,821,562 (4,045 kids x \$14.78 x 365 days).
- The increase in expenditures for each year of the Pilot will be in state funding, as federal funding cannot be used for children who are not in state custody.
- The proposed legislation authorizes DCS to establish additional requirements to determine initial and continuing eligibility of payments to relative caregivers. Based on information provided by DCS, a national criminal background check will likely be among the requirements for participation.
- A national criminal background check cost of \$35.15, to be paid by each relative caregiver.
- The disbursement of this fee are as follows:
 - Tennessee Bureau of Investigation (TBI): \$13.25;
 - Federal Bureau of Investigation (FBI): \$13.25; and
 - Applicable vendor: \$8.65.
- One relative caregiver is assumed per case; therefore, each case is assumed to require one national criminal background check.
- The estimated increase in state revenue to the TBI for national criminal background checks is as follows:
 - FY21-22: \$29,084 (2,195 cases x \$13.25);
 - FY22-23: \$1,458 (110 new cases x \$13.25);
 - FY23-24: \$1,524 (115 new cases x \$13.25); and
 - FY24-25: \$1,603 (121 new cases x \$13.25).
- It is assumed that the cost for the TBI to perform such background checks offsets equally with the revenue collected to perform them. Therefore, an increase to state expenditures to the TBI as follows:
 - FY21-22: \$29,084
 - FY22-23: \$1,458
 - FY23-24: \$1,524
 - FY24-25: \$1,603
- Pursuant to Tenn. Code Ann. § 37-5-132(a)(2), DCS is required to maintain staffing levels of case managers to allow caseloads not to exceed an average of 20 children monitored and supervised in active cases relating to ongoing services.
- Based on information provided by the DCS, one team leader is required for every five case managers, and one team coordinator for every five team leaders.
- To effectuate the provisions of this legislation and to confirm eligibility of relative caregivers on an on-going basis during the three-year Pilot, DCS will require a total of 202 additional case managers (4,045 total children / 20 children per case manager), 40 team leaders (202 case managers / 5 case managers per team leader), and 8 team coordinators (40 team leaders / 5 team leaders per team coordinator) to account for the increase in children and families to be monitored as a result of the proposed legislation.

- The increase in expenditures associated with the additional positions is estimated to be \$15,080,396 (\$8,270,232 salaries + \$3,060,164 benefits + \$3,750,000 other costs) in each year of the Pilot.
- The increase in expenditures of \$15,080,396 for each year of the Pilot will consist of \$8,319,439 in state funding and \$6,760,956 in federal funding, as follows:
 - \$6,032,158 in DCS state funds (\$15,080,396 x 40.0%).
 - \$2,287,281 in TennCare state funds [(\$15,080,396 x 45.0%) x 33.705%].
 - \$4,498,897 in TennCare federal funds [(\$15,080,396 x 45.0%) x 66.295%].
 - \$2,262,059 in Title IV-E federal funds (\$15,080,396 x 15.0%).
- According to DCS, a surge in participation in the RCP due to the financial incentive may be well above the five percent that Fiscal Review Committee staff estimate to occur in the first year of the Pilot. In order to account for the possibility of this surge, and the personnel that would be required to service it, the total estimated increase in state expenditures for new positions is included in each fiscal year of the Pilot.
- The total increase in state expenditures to the General Fund in each FY22-23 and FY 23-24 is estimated to be:
 - FY22-23: \$28,112,593 (\$19,793,154 payments + \$8,319,439 personnel).
 - FY23-24: \$29,156,756 (\$20,837,317 payments + \$8,319,439 personnel).
- Due to the January 1, 2022 effective date, the total increase in state expenditures to the General Fund in each FY21-22 and FY24-25 is estimated to be:
 - FY21-22: \$13,584,261 [(\$18,849,082 payments + \$8,319,439 personnel) x 50.0%].
 - FY24-25: \$15,070,501 [(\$21,821,562 payments + \$8,319,439 personnel) x 50.0%].
- The total increase in federal expenditures in each FY22-23 and FY23-24 is estimated to \$6,760,956.
- Due to the January 1, 2022 effective date, the total increase in federal expenditures in FY21-22 and FY24-25 is estimated to be \$3,380,478 (\$6,760,956 x 50.0%).
- Passage of the proposed legislation will have no effect on policies or procedures of the Administrative Office of the Courts (AOC); therefore, any fiscal impact to AOC is not significant.
- DCS can complete the annual reporting requirements utilizing existing Department resources.
- The extent to which the Pilot may generate offsetting savings through a reduced rate of at-risk children entering state custody cannot be reasonably estimated at this time.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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